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SUBJECT: HIV/AIDS: COUNTERING VATICAN MISCONCEPTIONS ON
MEDICINES AND U.S. EFFORTS

SUMMARY

1.(SBU) Ambassador and several U.S. pharmaceutical executives met April 2 with the heads of three Holy See departments to set the record straight on U.S. policy on HIV/AIDS and the actions of U.S. drug companies to facilitate the accessibility of HIV/AIDS medicines. The Embassy developed this initiative in response to statements of Vatican and other Catholic officials accusing American drug companies of excessive profit-making in the developing world, and charging the USG with seeking to protect the industry at the expense of HIV/AIDS sufferers in Africa. The Ambassador outlined the President's Emergency Plan for HIV/AIDS Relief, and emphasized the administration's efforts to provide pharmaceuticals that are safe, effective, and affordable to those in need of them. The industry reps noted that their companies sold medicines at no profit to sub-Saharan African nations and had no desire or intention of blocking generic production of drugs under their patents in these least developed nations. They said their companies' price of production of anti-retroviral medicines had already been reduced to about a dollar per day per person. Generic producers, they added, had yet to prove that they could beat these production costs, but they hoped they could; i.e., the U.S. companies have no profit goals in Africa. End Summary.

SETTING THE RECORD STRAIGHT

2.(SBU) Recent public criticism by Vatican and other Catholic officials of excessive profit taking and "genocide" by the U.S. pharmaceutical industry led the Ambassador to arrange a face-to-face meeting between senior representatives of the U.S. pharmaceutical industry and three Holy See departments. The meeting also offered the opportunity for Post to focus the Vatican on the President's Emergency Action Plan for HIV/AIDS. The April 2 meeting brought together Cardinal Alfonso Lopez-Trujillo of the Pontifical Council for the Family, Cardinal Javier Lozano-Barragan of the Council for Health Care Issues, and Archbishop Paul Cordes, President of the Pontifical Council "Cor Unum," the Vatican's development agency. Several staff also attended from each of the departments, all of which deal with HIV/AIDS in some way as part of the Catholic Church's extensive efforts to deal with the global impact of the disease. U.S. pharmaceutical reps included Dick Thompson, Mark Speaker and Lamberto Andreotti from Bristol-Myers Squibb (BMS), and Brian Healy and Susan Crowley from Merck and Co., all top executives in the industry.

President's Emergency Plan

3.(SBU) The Ambassador began the session by emphasizing the scope of the President's \$15 billion Emergency Plan for HIV/AIDS Relief. He noted that in just over two months since Congress appropriated funds for the initiative, the Emergency Plan had delivered more than \$350 million to implementing partners who are fighting HIV/AIDS. He also pointed out to the Holy See officials that U.S. contributions to HIV/AIDS relief in 2004 would be approximately twice those of all other donor governments combined.

USG Committed to Safe, Effective, Affordable Drugs

14. (SBU) On the question of generics, the Embassy and industry representatives sought to counter the recent misleading reports in the Catholic and secular press that the U.S. was seeking to block the production of affordable

generic medicines to protect its drug industry. The Ambassador said the USG was committed to providing pharmaceuticals that are safe, effective, and affordable to those in need of them. We noted that the USG had moved ahead at the March Gabarone meeting to develop principles for evaluating the quality, safety, and efficacy of generic fixed-dose-combination drugs.

U.S. Companies Focused on Help for Africa

15. (SBU) The pharmaceutical industry representatives stressed that they were already offering anti-retroviral drugs to sub-Saharan African nations at no profit, meeting only the cost of production. With the substantial costs associated with developing new medicines, this was no small gesture, they noted. The reps insisted, contrary to Holy See assertions, that U.S. companies were not seeking profit in Africa; in fact, they said, it would be easier for them to ignore the developing world altogether and focus on the West where there was a normal profit margin. Instead, by offering drugs at the cost of production and with the introduction of several charitable programs, the companies had made Africa a priority.

Prices and Generics

16. (SBU) The Merck and BMS representatives further explained that they were not seeking to protect what few patents existed in the least developed nations. If producers of generic medicine wanted to manufacture HIV/AIDS medicines under patent by these companies for sub-Saharan Africa, the U.S. reps said they would not stand in the way. But, they said, even the generic companies have yet to prove that they can produce these drugs below the production cost of around a dollar per day per person a cost that does not account for the substantial costs the U.S. companies invest in developing new drugs. Cardinal Barragan noted that even the cost of \$365 per year for these drugs was unaffordable for most sufferers in the least developed countries. Merck's Healy agreed and said that was why the Global Fund and the President's Emergency Action Plan played such a crucial role in purchasing and delivering the medicines to those who need them.

COMMENT

17. (SBU) Comments from Vatican officials often make headlines worldwide and can affect public perceptions in many countries. The Catholic Church and affiliated agencies provide care for 27 percent of HIV/AIDS sufferers worldwide, so comments from the Holy See on the subject carry significant weight. Given this involvement, Embassy believed it essential to set the record straight on U.S. efforts - public and private - to meet this humanitarian challenge. Of course, conspiracy theories and suspicions of profit motives die hard; for this reason the Ambassador is sending a follow-up letter to Vatican participants reemphasizing the key points conveyed (text to be faxed to EUR/WE). The industry reps and Holy See officials
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discussed possible follow-on collaboration in the distribution of medicines, perhaps using the infrastructure available in some African countries through churches and bishops' conferences. Though not all of the naysayers will ever be convinced of the U.S.'s efficacy and altruism, the ongoing dialogue arising from this meeting should contribute to a more balanced understanding of the issue and a greater appreciation for U.S. leadership in addressing the HIV/AIDS challenge.

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